



# TANKER OPERATIONS

A Commercial Viewpoint

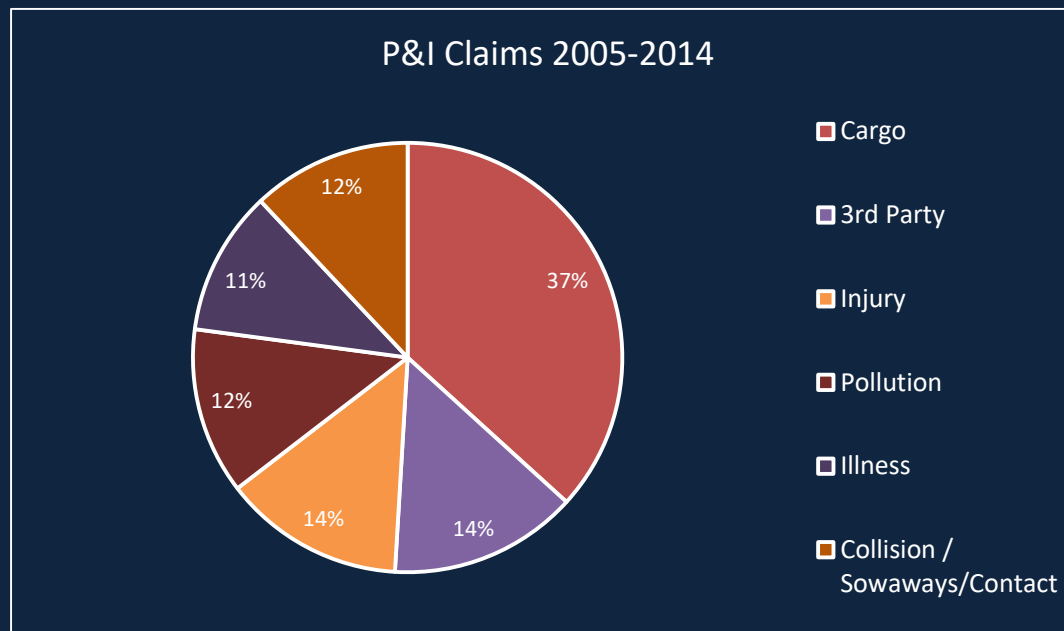
Mumbai, 28<sup>th</sup> September 2016

## 2 Commercial View Point

It is not the ship so much as the skillful sailing that assures the *prosperous* voyage.

George William Curtis

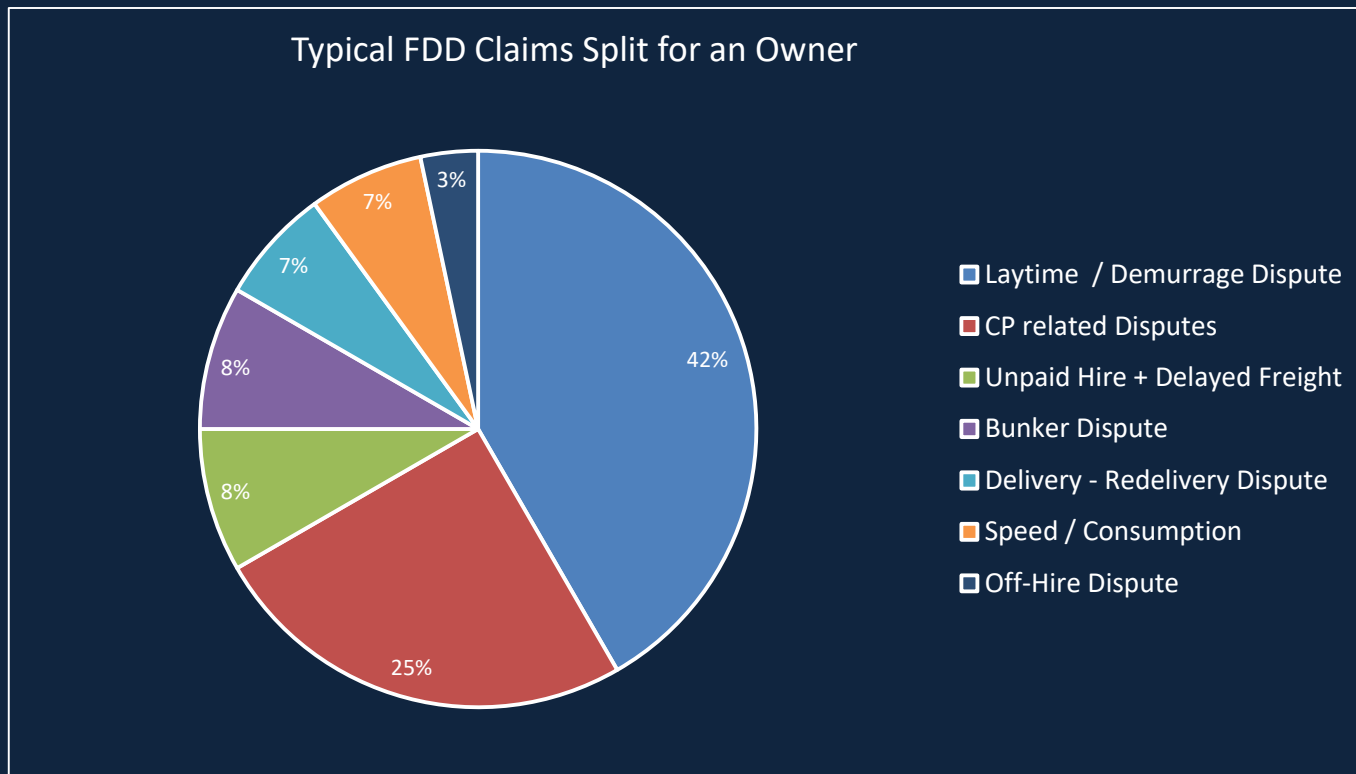
Prosperous = Profitable, Commercially Viable



### 3 Commercial View Point

Beware of Little Expense. A small leak will sink a great ship

Benjamin Franklin



## 4 Commercial View Point

- Commercial Awareness
- Compliance
- Bunkers



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## COMMERCIAL AWARENESS

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## 6 Awareness

- CP REQUIREMENTS
- STANDARD COMMERCIAL PRACTICES

## 7 CP Requirements

BP VOY 4: Standard CP format used across the tanker world

- vessel to obtain Free Pratique within 6 hours of tendering NOR
- If Free Pratique NOT granted, vessel to issue an LOP with in 6 hours of NOR Tendering
- If vessel fails to obtain Free Pratique or issue an LOP within 6 hours, her Laytime shall only commence when Free Pratique has been granted or Cargo Ops commence, despite tendering a valid NOR

## 8 CP Requirements

### Example

- Vessel 'ABC' arrived and anchored at Mumbai.
- 28 Sep / 0730LT – EOSP
- 28 Sep / 0800LT – Anchored, (berthing scheduled after 5 days)

### Actual events

- Tendered NOR upon anchoring.
- Issued LOP for not obtaining Free Pratique later during the day 10 hours after NOR was tendered.
- Vessel was at anchor for 5 days, later Free Pratique granted upon berthing.
- Charterers claim NOR valid but is not effective in absence of an LOP, Laytime to start only after Free Pratique was granted.
- **Exposure: US\$ 100 K +**



## 9 CP Requirements

### BP VOY 4

- Free Pratique not exercised in many ports
- Many masters fail to understand the commercial implication of this requirement

### Impact

- Demurrage is as important source of earnings as freight
- Loss of Demurrage
- Charterers claim NOR valid but is not effective in absence of an LOP, Laytime to start only after Free Pratique was granted.
- Many instances where vessel waited for 30 days before discharging, but lost out on all its demurrage
- Commercial Impact : US\$ Millions every year

## 10 Standard Commercial Practices

### NOTICE OF READINESS

- NOR – Single most important document which triggers the commencement of Laytime
- Not same as EOSP – in many cases EOSP can be many hours prior arrival
- Must be tendered at Customary Anchorage, or agreed place as per C/P
- Invalid NOR does not become valid automatically
- Must re-tender NOR if ever in doubt

## 11 Standard Commercial Practices

### EXAMPLE

Vessel 'ABC' approaching Port, instructions are to await berth at anchorage.

- Vessel tendered NOR at EOSP when approaching Port, outside port limits
- Did not Re-Tender NOR upon anchoring in the customary anchorage
- Charterers claim NOR Invalid.
- Vessel was at anchor for 9 days
- **Total Exposure: US\$ 170,000**



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## COMPLIANCE

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## 13 Compliance

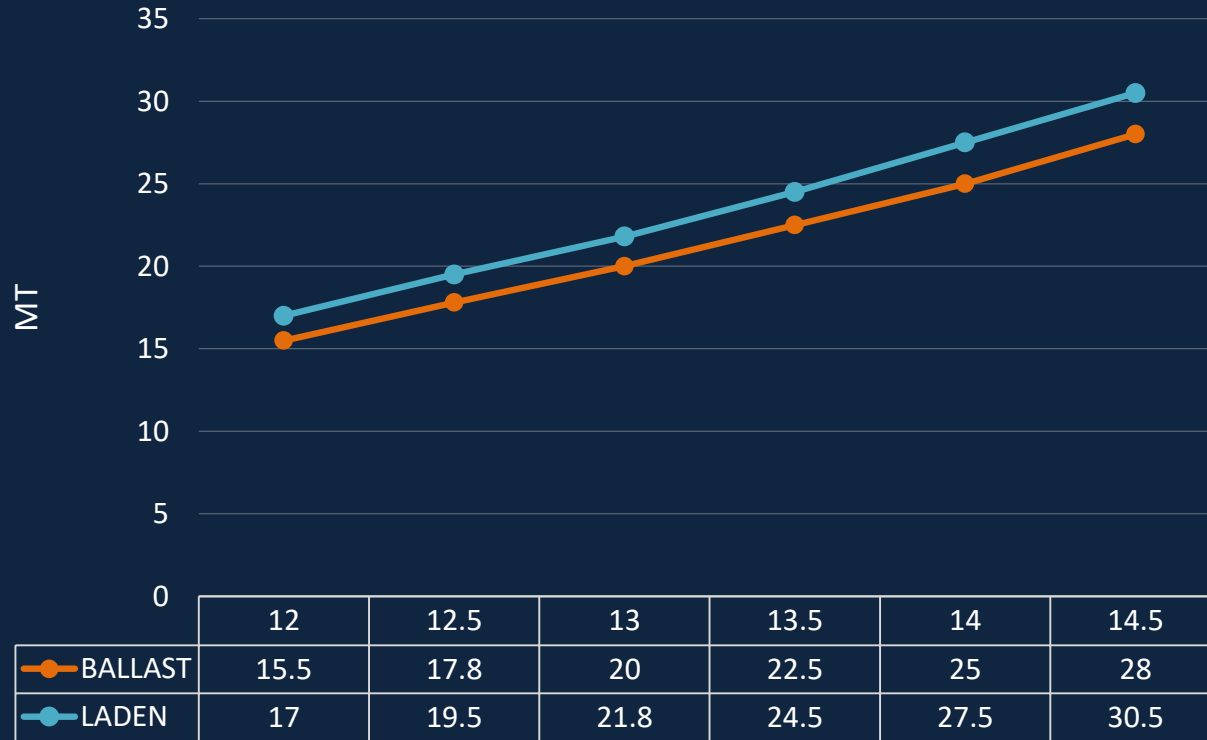
- Voyage Requirements
- Speed

## 14 Compliance – Voyage Requirements

- Tank Preparation
- Incorrect Procedure leading to
  - More Bunkers
  - More Time
  - More Slops Generation, and worse.. Tank failure
- Cargo
  - Need to maximise – the freight is on cargo carried
  - Heating ? Heating constitutes 12%– 15% of the total fuel consumed on a voyage
  - Imperative to Optimise Heating, and understand the specific requirements of the voyage
- Communications
  - Understanding the voyage orders and the load quantity correctly
  - Voyage reporting

15 SPEED

Fuel Cons Vs Speed



On a 10 days sailing correct monitoring can save upto 25 MT : US\$ 6250



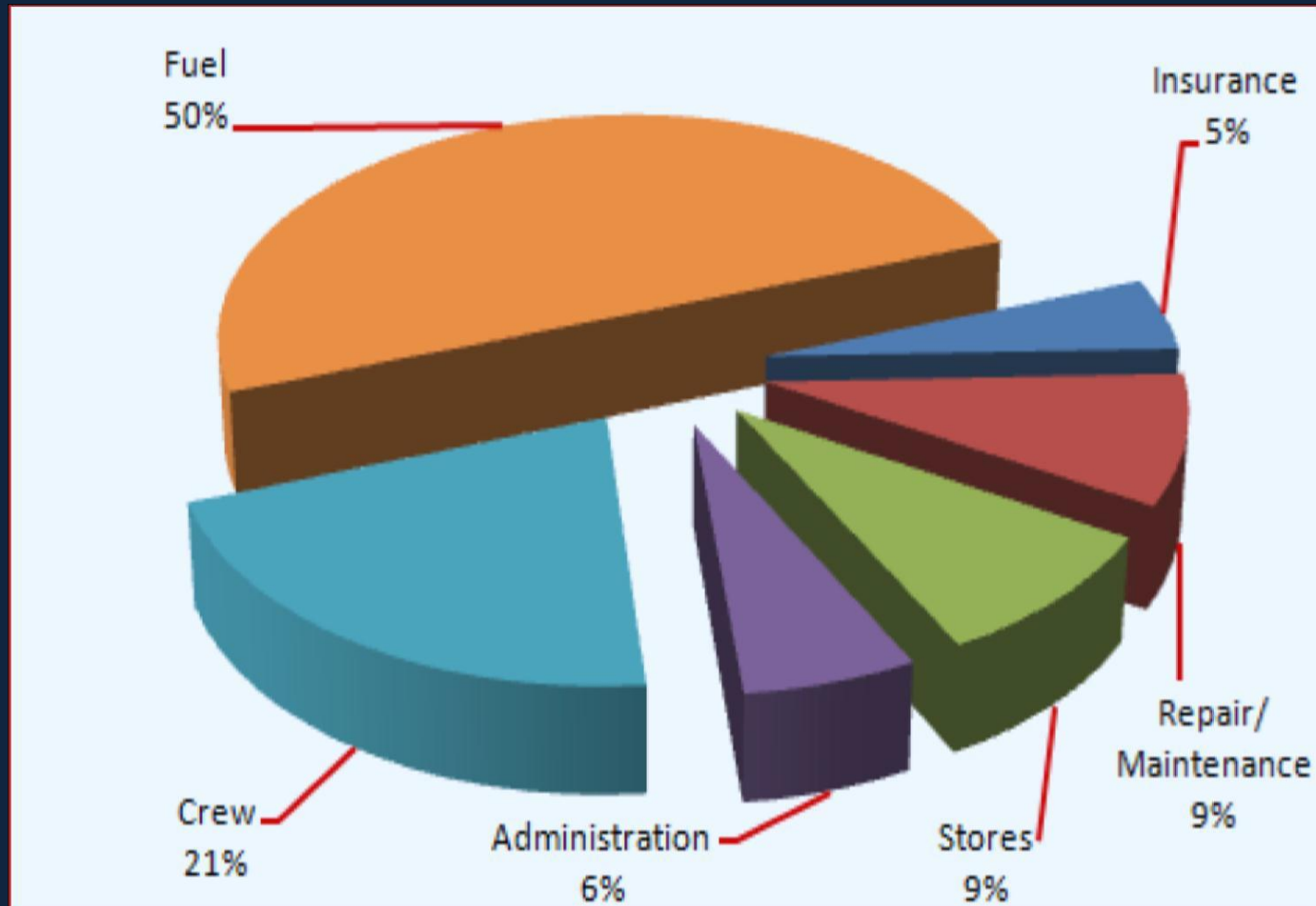
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**BUNKERS**

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## 17 Bunkers



18 Bunkers



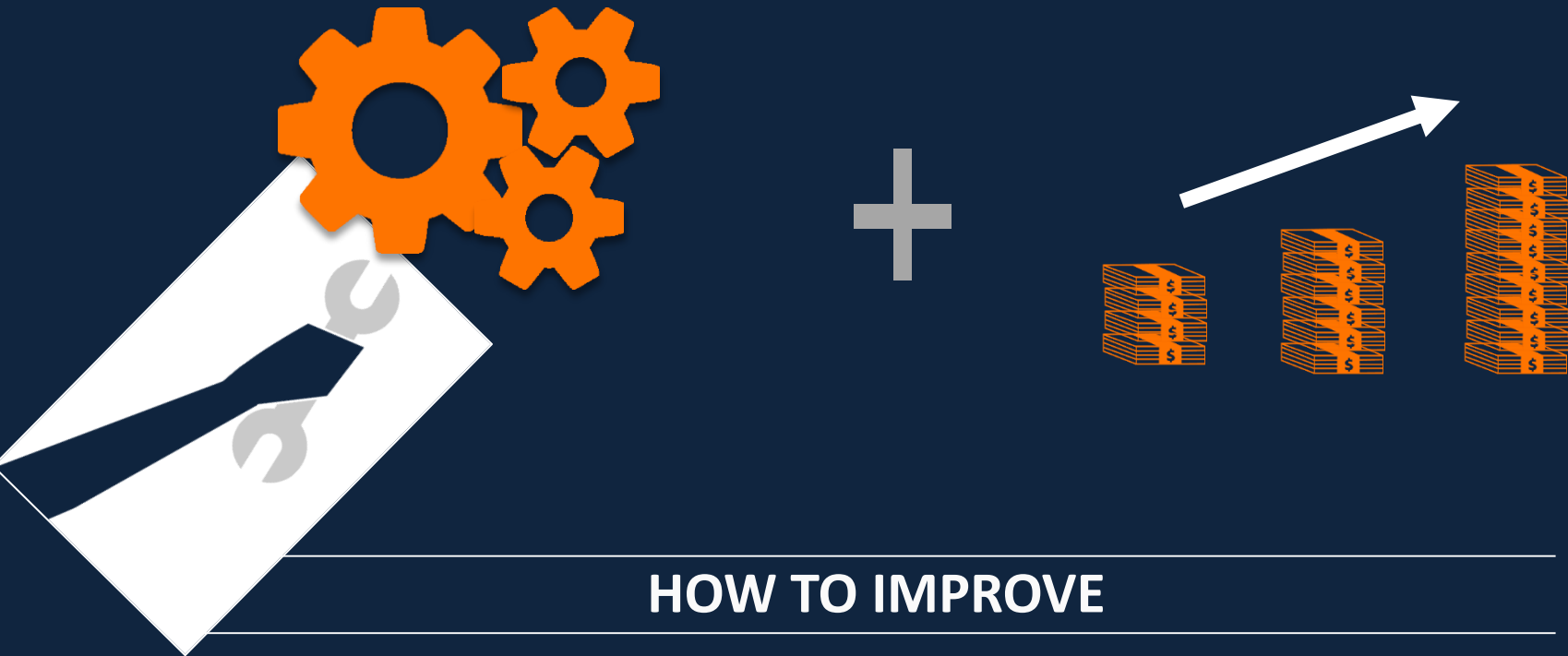
## 19 Bunkers

- QUANTITY
  - Bunker Accumulation, leading to Bunker Pilferage
  - Pre / Post Bunker Soundings
  - Short Supply
- QUALITY
  - Density
  - Water Presence
  - Cat fines and other impurities that affect the Engines

Using right monitoring and control what can an operator achieve ?

If an Operator with 50 vessels is able to save 0.5 MT per vessel per day

**Saving Potential of US\$ 2.3 mil – US\$ 2.5 mil Annually**

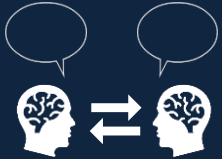


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**HOW TO IMPROVE**

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## 21 How to Improve



COMMUNICATIONS – AN OPEN DIALOGUE



COMMERCIAL BRIEFINGS AND DE-BRIEFINGS



ALL ACTIVITIES WEIGHED FOR COMMERCIAL IMPLICATIONS



JOINT EFFORT



ROBUST PROCESSES TO PROTECT COMMERCIAL INTERESTS





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